



COMMONWEALTH BUREAU OF CENSUS AND STATISTICS.

SURVEY OF PRIVATE PENSION AND RETIRING ALLOWANCE SCHEMES, 1955-56

1. INTRODUCTION

This statement contains the results of a survey conducted by the Bureau of Census and Statistics in December, 1956. Its purpose was to obtain details of the operations of private pension and retiring allowance schemes conducted by private businesses during 1955-56 or their latest financial year. Separate information was requested for the following:-

- (i) Schemes operated wholly through life assurance companies.
- (ii) Schemes not operated wholly through life assurance companies, but through a separate fund.
- (iii) Direct payments by the employer of pensions and/or retiring allowances.

Industrial Field Covered.

The survey was based upon a sample of businesses subject to payroll tax, that is, all those with a payroll of over £120 per week or about 7 employees (in male equivalents). Government airlines and banks were included, if contributing to their own separate funds rather than to the State or Commonwealth Superannuation Funds, but other government business undertakings were excluded. Rural industries and private and domestic services were excluded because of the small coverage of payroll tax and statutory coal miners' pension funds because operations of these funds are already published elsewhere.

The figures shown in this statement, apart from those in Table 1 are estimated totals for the whole field from which the sample was drawn. Some indication of the extent of the field surveyed is given by the fact that the figures relate to businesses employing approximately 85 percent of the total number of employees in private employment, excluding the rural industries and private and domestic service. Forms were sent to approximately 3,100 businesses. These included all employers with a payroll of over £20,000 in the month when the sample was selected and varying proportions of smaller undertakings.

In view of the comparatively small number of small businesses covered, some of the percentage distributions of these numbers in tables 1, 2, 3 and 4, should be regarded as giving no more than a very broad picture of the situation. The tables showing details of the financial operations of the various types of schemes are less subject to error since they are weighted heavily by the operations of large firms in which the coverage is practically complete.

Details of the financial operations of the more important government superannuation schemes are to be found in the annual Finance Bulletins published by the Commonwealth Bureau of Census and Statistics. Details of the operations of the Coal Miners' Pension Funds are to be found in the Annual Reports of the State Auditors-General.

Previous Survey.

The last survey in this field conducted by the Bureau of Census and Statistics was made in September, 1952, and related to the 1951-52 financial year. A report on this survey was published in the 1952-53 Finance Bulletin. Differences in scope and definition between the two surveys have been set out in the attached Appendix. These differences are such that care must be taken when comparing the results.

II. NUMBER OF SCHEMES ANALYSED

To assist in sampling and analysis, businesses were divided into the following sizes on the basis of their monthly payrolls.

Small Businesses - Payroll of more than £500 and less than £3,000 monthly - or between approximately 7 and 40 employees (male equivalent).

Medium Businesses - Payroll over £3,000 but under £20,000 monthly or between approximately 40 and 250 employees (male equivalent).

Large Businesses - Payroll over £20,000 monthly.

Table 1 shows the number of employers from whom satisfactory returns were received and the percentage who operated a pension or retiring allowance scheme of any of the types described in the first paragraph of this statement.

TABLE 1 : NUMBER OF BUSINESSES AND SUPERANNUATION SCHEMES SURVEYED (a)

Industry	Number of Businesses Surveyed				Percentage with Superannuation Schemes		
	Total	Small	Medium	Large	Small Business- es %	Medium Business- es %	Large Business- es %
Manufacturing	1,411	395	547	469	26	66	94
Whole and retail trade	713	261	269	183	39	74	97
Other industries	815	327	271	217	21	49	81
All industries	2,939	983	1,087	869	28	64	92

(a) State branches and subsidiary companies who completed a return are treated as separate businesses, even though they may have contributed to a scheme organised by their head office or parent company.

It will be seen from the above table that 92 percent of all large businesses have some form of scheme. The percentage falls to 64 percent in the medium size group and to 28 percent among the small businesses. This tendency for the percentage to fall substantially in the smaller size group is common to all industries.

The percentage of businesses operating schemes was greatest in the whole-sale and retail trading group. This was the same as the pattern found in the 1951-52 survey. Schemes were relatively fewest in the building industry component of the all other industries group where only 11 percent of the small businesses, 35 percent of the medium size businesses and 41 percent of the large businesses had a scheme of any type.

The relative importance of the three main types of schemes is shown in Table 2.

TABLE 2 : TYPE OF SUPERANNUATION SCHEME

Percentage of Total Schemes in each Industry-Size Group

Industry	Size of Business	Life Assurance Scheme Only	Separate Fund Only	Life Assurance Scheme and Separate Fund	Total
		%	%	%	%
Manufacture -	Small	75	20	5	100
	Medium	76	15	9	100
	Large	60	27	13	100
Wholesale and retail trade -	Small	77	14	9	100
	Medium	72	15	13	100
	Large	41	29	30	100
Other industries -	Small	72	23	5	100
	Medium	57	30	13	100
	Large	43	47	10	100
All industries -	Small	75	18	7	100
	Medium	71	18	11	100
	Large	52	32	16	100

In this table, as in Table 1, State branches and subsidiaries companies are counted separately.

From Table 2, it can be seen that the most common types of schemes are those organised wholly through life assurance companies. They account for 75 percent of the schemes of small businesses, 71 percent of the schemes of medium sized businesses and 52 percent of the schemes of large businesses. This general pattern applies to all the industrial groups shown in the above table and to all industries combined.

Among large businesses, schemes organised wholly through life assurance companies are relatively less important than among the smaller businesses and there is correspondingly a greater proportion of schemes organised through separately constituted funds. Only 18 percent of the schemes operated by the smaller businesses are run entirely through separate funds as against 32 percent for large businesses.

Schemes organised through a separate fund are relatively most important in the other industries group while the combination of a life assurance scheme and a separate fund within the one business is of greatest importance in the wholesale and retail trading industries.

An analysis of the commencing dates of schemes covered by the survey, which were wholly organised through life assurance companies is set out in Table 3 below.

TABLE 3 : SUPERANNUATION SCHEMES ORGANISED WHOLLY THROUGH LIFE ASSURANCE COMPANIES
DATE OF COMMENCEMENT

Percentage of Total Schemes in Each Industry-Size Group

Industry	Size of Businesses	Date of Commencement of Scheme				Total
		Before 1940	1940-1945	1946-1950	1951-1956	
		%	%	%	%	%
Manufacturing -	Small	-	4	37	59	100
	Medium	5	26	35	34	100
	Large	12	44	26	18	100
Wholesale and retail trade -	Small	2	25	41	32	100
	Medium	11	27	35	27	100
	Large	20	35	35	10	100
Other industries -	Small	6	6	31	57	100
	Medium	14	14	42	30	100
	Large	21	39	27	13	100
All industries -	Small	2	13	37	48	100
	Medium	8	25	36	31	100
	Large	16	41	28	15	100

From Table 3 it can be seen that for all industries combined 85 percent of the schemes of small businesses commenced since 1945 and approximately half since 1950. For the small size manufacturing group in particular this pattern is even more pronounced, as 96 percent of the schemes commenced since 1945 and approximately 60 percent since 1951.

Though the percentage of the schemes of medium size businesses which are of recent origin is appreciably less than for small businesses, nearly 70 percent of these schemes commenced after the end of the 1939-45 war.

In contrast to the pattern of the small and medium size businesses, more than half the schemes of large businesses for each industrial group shown and for all industries combined were in operation prior to 1946. It is only in the case of large businesses that an appreciable number of schemes had commenced prior to 1940.

Table 4 which follows, contains a summary of the commencing dates of schemes covered by the survey, which were organised through separately constituted funds.

TABLE 4 : SUPERANNUATION SCHEMES ORGANISED THROUGH SEPARATELY CONSTITUTED FUNDS**DATE OF COMMENCEMENT****Percentage of Total Schemes in Each Industry-Size Group**

Industry	Size of Businesses	Date of Commencement of Scheme				Total %
		Before 1940	1940-1945	1946-1950	1951-1956	
Manufacturing -	Small	13	17	22	48	100
	Medium	13	30	35	22	100
	Large	43	28	13	16	100
Wholesale and retail trade -	Small	5	10	57	28	100
	Medium	10	36	26	28	100
	Large	38	39	12	11	100
Other industries -	Small	-	8	15	77	100
	Medium	22	11	32	35	100
	Large	65	12	16	7	100
All industries -	Small	7	12	33	48	100
	Medium	14	28	32	26	100
	Large	47	27	14	12	100

When compared with Table 3, the above table indicates that a much higher percentage of the schemes organised through separate funds were in operation before 1940, than was the case for schemes organised wholly through life assurance companies. While this pattern applies to businesses of all sizes, it is particularly noticeable in the case of large businesses where nearly half the schemes commenced prior to 1940.

In analysing the figures contained in both Table 3 and Table 4, it should be remembered that the larger firms themselves have on average, been in operation longer than the smaller firms and to that extent a larger proportion of long established superannuation schemes would be expected.

III. FINANCIAL OPERATIONS OF PRIVATE SUPERANNUATION SCHEMES

In this section of the statement details are shown by industry of the financial operations of:-

(i) Schemes organised wholly through a life assurance company.

(ii) Schemes organised through a separate fund.

(i) Schemes Organised Wholly Through Life Assurance Companies. Details for these schemes are set out in Table 5. In these schemes, the whole of the amounts contributed by both employer and employee are used to pay the premiums on life assurance policies which will mature on either the death or retirement of the employee.

TABLE 5 : SUPERANNUATION SCHEMES ORGANISED WHOLLY THROUGH LIFE ASSURANCE COMPANIES**NUMBER OF EMPLOYEES COVERED AND AMOUNTS CONTRIBUTED**

Industry	Number of Employees Covered	Contributions			
		Employees		Employers	
		Total	Average Per Head	Total	Average Per Head
	No.	£'000	£	£'000	£
Manufacturing -					
Engineering and vehicles	34,900	1,097	31	1,621	46
Textiles and clothing	9,400	285	30	437	46
Food, drink, tobacco	17,900	464	26	671	37
Paper and printing	16,900	457	27	756	45
Chemicals, oil refining	6,200	199	32	263	42
Other manufacturing	16,500	500	30	695	42
Total manufacturing	101,800	3,002	29	4,443	44
Transport	14,600	621	43	958	66
Wholesale trade	46,800	1,631	35	2,503	53
Retail trade	19,800	463	23	898	45
Finance and property	6,900	286	41	434	63
Other industries	13,000	393	30	704	54
All industries	202,900	6,396	32	9,940	49
Percentage of total contributions:-					
1951-52 Survey	%	39		61	
1955-56 Survey	%	39		61	

From Table 5, it will be noticed that while the relationship of the employees' to the employers' contribution varies between industries, in each industrial group the employers contribute much more than the employees. In many cases employees do not contribute and the total premiums are paid by the employer. Between the 1951-52 and 1955-56 surveys the relationship of employees to employers contribution for all industries combined, has not altered. In both surveys it was found that employees contributed 39 percent and employers 61 percent of the total contributions.

(ii) Schemes Organised Through Separate Funds. Table 6 shows details of the estimated income and expenditure of schemes organised through separate funds.

**TABLE 6 : INCOME AND EXPENDITURE OF SUPERANNUATION SCHEMES
ORGANISED THROUGH SEPARATE FUNDS**

(A) INCOME

£'000

Industry	Contributions		Property Income		Other Income (a)	Total Income
	Employees	Employers	Govt. Bond Int.	Other Interest Rent and Dividends		
Manufacturing -						
Engineering and vehicles	724	1,414	350	364	73	2,925
Textiles and clothing	23	156	15	28	19	241
Food, drink, tobacco	321	550	107	375	24	1,377
Paper and printing	78	157	21	30	6	292
Chemicals, oil refining	315	564	125	133	37	1,174
Other manufacturing	487	1,038	119	260	113	2,017
Total manufacturing	1,948	3,879	737	1,190	272	8,026
Transport	130	316	19	53	16	534
Wholesale trade	975	2,707	573	601	71	4,927
Retail trade	228	723	74	374	78	1,477
Finance and property	2,186	4,686	1,497	1,419	186	9,974
Other industries	285	919	189	126	31	1,550
All industries	5,752	13,230	3,089	3,763	654	26,488
Percentage of Total Income:-						
1955-56 Survey %	22	50	12	14	2	100
1951-52 Survey %	23	55	8	12	2	100

(B) EXPENDITURE

£'000

Industry	Pensions	Lump Sum Payments	Refunds	Other (b) Expenditure	Total Expenditure	Increase in Fund
Manufacturing -						
Engineering and vehicles	141	413	152	153	859	2,066
Textiles and clothing	2	59	3	25	89	152
Food, drink and tobacco	215	61	60	54	390	987
Paper and printing	8	39	3	22	72	220
Chemicals, oil refining	79	135	59	16	289	885
Other manufacturing	114	213	109	233	669	1,348
Total manufacturing	559	920	386	503	2,368	5,658
Transport	30	48	59	45	182	352
Wholesale trade	235	630	199	71	1,135	3,792
Retail trade	46	304	76	84	510	967
Finance and property	1,480	194	421	250	2,345	7,629
Other industries	198	53	78	139	468	1,082
All industries	2,548	2,149	1,219	1,092	7,008	19,480
Percentage of Total Expenditure:-						
1955-56 Survey %	36	31		33	100	
1951-52 Survey %	46	29		25	100	

(a) Includes profit on sale of investments and receipts from assurance companies for surrendered policies, etc.

(b) Includes loss on sale of investments, administrative expenses paid from funds, and life assurance premium paid.

On the income side the most important item is the employers' contribution which accounts for 50 percent of the total income of £26½ million. This is more than twice the amount of the employees' contributions, whereas in funds run through life assurance companies, employers contribute in total about 55 percent more than employees. As in the previous survey total contributions to schemes run through separate funds exceeds total contributions to schemes run through assurance companies. This difference, however, has been considerably narrowed since the 1951-52 survey reflecting a slower rate of growth in the schemes run through separately constituted funds.

On the expenditure side, lump sum payments and refunds have increased relative to pensions and now exceed pensions by a substantial margin. Total payments from the funds, however, were only 26 percent of income and approximately 19½ million was added to accumulated funds. The percentage of total income added to accumulated funds, decreased slightly when compared with the 1951-52 survey.

An analysis of the investments held by separately constituted funds is set out in Table 7 below.

TABLE 7 : ASSETS OF SEPARATELY CONSTITUTED SUPERANNUATION FUNDS
(£ million)

Industry	Cash and Bank Balances	C'wth. Bonds	Local and Semi-Govt. Securities	Loans on Mortgage	Debentures	Shares in Companies	Other Assets	Total Assets
Manufacturing	1.7	9.3	13.2	1.8	5.8	10.6	3.7	46.1
Transport	.5	.8	.4	-	.1	.2	.4	2.4
Wholesale trade	1.6	11.0	9.7	.7	1.9	3.0	2.1	30.0
Retail trade	1.5	1.7	.8	1.3	.4	1.6	3.5	10.8
Finance and property	7.2	27.4	14.9	7.7	7.8	5.0	.9	70.9
Other industries	.5	1.1	2.9	.2	1.7	1.3	.4	8.1
All industries	13.0	51.3	41.9	11.7	17.7	21.7	11.0	168.3
All Industries - 1951-52 Survey (a)	7.4	40.6	18.4	7.0	6.6	11.4	5.2	96.6
1955-56 Survey %	8	30	25	7	11	13	6	100.0
1951-52 Survey %	8	42	19	7	7	12	5	100.0

(a) See appendix for note re coverage.

The largest single avenue of investment is in Commonwealth Government Bonds. However, there has been a marked reduction in the proportion of Commonwealth Bonds to total assets. While there has been a big increase in investment in local and semi-government securities, government securities as a whole have declined in relative importance in favour of company shares and debentures.

Details of the number of persons covered by schemes organised through separately constituted funds and the number of pensions and retiring allowances paid are set out in Table 8.

TABLE 8 : NUMBER OF EMPLOYEES COVERED BY AND BENEFICIARIES FROM SEPARATELY CONSTITUTED FUNDS

Industry	Number of Employees Covered by Fund	Number Pension Paid (a)	Number Retiring Allowances Paid (a)
Manufacturing -			
Engineering and vehicles	31,200	800	1,100
Textiles and clothing	4,600	(b)	400
Food, drink, tobacco	9,200	700	200
Paper and printing	3,900	100	100
Chemicals, oil refining	6,800	200	300
Other manufacturing	16,500	700	600
Total manufacturing	72,200	2,500	2,700
Transport	3,200	100	200
Wholesale trade	29,100	1,000	1,400
Retail trade	17,200	200	1,400
Finance and property	51,100	4,100	300
Other industries	12,800	1,100	300
All industries	185,600	9,000	6,300

(a) Includes payments to dependants of former employees. (b) Less than 50.

Between the 1951-52 and the 1955-56 survey, the average pension paid increased slightly from £274 to £283 per annum, or approximately 3 percent. Over the same period the average retiring allowance increased from £208 to £341 per annum or approximately 64 percent.

IV. DIRECT PAYMENTS OF PENSIONS AND RETIRING ALLOWANCES

Some businesses make direct payments of pensions and retiring allowances, either instead of, or in addition to operating a scheme through a life assurance company or a separately constituted fund. Details of such payments are shown in Table 9 below.

TABLE 9 : DIRECT PENSIONS AND RETIRING ALLOWANCES

Industry	Pensions		Retiring Allowances	
	Amount £'000	Number	Amount £'000	Number
Manufacturing -				
Engineering and vehicles	124	600	185	200
Textiles and clothing	44	200	93	200
Food, drink, tobacco	192	1,100	117	300
Paper and printing	84	400	148	200
Chemical and oil refining	30	200	25	100
Other manufacturing	75	900	113	200
Total manufacturing	549	3,400	681	1,200
Transport	95	400	84	100
Wholesale trade	343	1,700	472	600
Retail trade	80	200	219	700
Finance and property	724	2,400	573	800
Other industries	108	500	183	100
All industries	1,899	8,600	2,212	3,500
	£		£	
Average per head -				
1955-56 Survey	221		632	
1951-52 Survey (a)	161		333	

(a) See Appendix for note re coverage.

Total direct payments made by employers amounted to £4,111,000. Of this, total pensions accounted for 46 percent and retiring allowances for 54 percent. These were exactly the same percentages as were found from the 1951-52 survey. However, over the same period average pensions have increased by 37 percent and average retiring allowances by 90 percent.

APPENDIXMAIN DIFFERENCES BETWEEN 1951-52 AND 1955-56 SURVEYS

The more important differences between the two surveys were:-

1. The wider field covered by the 1955-56 survey.

The 1951-52 survey covered businesses with a monthly payroll in excess of about £2,000 whereas the present survey covers businesses with a payroll in excess of £120 per week or approximately £500 per month.

In the 1951-52 survey businesses were classified into two size groups - those with a monthly payroll of between £2,000 and £10,000 and those with a monthly payroll in excess of £10,000. In the present survey there were three groups, also determined by the size of the monthly payroll. These groups were - those with a monthly payroll of between approximately £500 and £3,000 - from £3,000 to £20,000 and over £20,000. After taking into consideration the increased level of wages, the medium and large size businesses in the present survey would cover a slightly smaller field (relatively) than the 1951-52 survey. If the coverage of the present survey had been the equivalent of the 1951-52 survey, most, but not all of the figures for small businesses would have to be omitted from the present survey. Some of the more important figures for small businesses included in this survey were approximately:-

Schemes run through life offices

Contributions by employees	£ 850,000
" " employers	£1,450,000

Separate funds

Contributions by employees	£ 150,000
" " employers	£ 850,000
Total Receipts	£1,200,000
Total Assets at end of year	£7,100,000

2. Industrial classification.

Some minor variations have been made in the classification of businesses to industrial groups.

3. Treatment of businesses which contribute to a common fund.

In the 1951-52 survey each branch and subsidiary included in the sample was classified to the industry of the parent company or the predominant industry of the group and the common scheme was counted once only. In the present survey each branch and subsidiary was allocated to its own industry and was treated as having a separate scheme of its own. In both surveys subsidiaries were counted as separate businesses, but in the present survey State Branches were also counted as separate businesses.

4. Employees contributing to or covered by superannuation schemes.

The 1951-52 survey refers to the number of employees contributing to, and the present survey the number of employees covered by, schemes operated through life assurance offices or separate funds.